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# Implementing Human Resource Innovations: Three Success Stories from the Service Industry

## Abstract

Three cases of innovative hospitality industry human resources practices demonstrate that innovation is often a function of how well an idea is implemented, even if it is not necessarily brand new. The programs explained in this report have been creatively and attentively executed in such a way that distinguishes their companies from competitors. The innovators are as follows: Fairmont Hotels & Resorts, which has developed an employee-recognition program dubbed "Service Plus" to acknowledge consistent excellence by offering rewards that are specifically meaningful to employees; McDonald's, which has implemented sales-promotion incentives that both drive product sales and encourage employee retention; and Sodexo, which uses as many social media platforms as possible to attract and engage potential employees to brand itself as a desirable employer.

## Keywords

human resources, employee recognition programs, service industry, morale

## Disciplines

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## Comments

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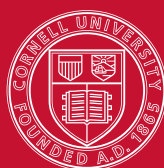


## Implementing Human Resource Innovations: Three Success Stories from the Service Industry

### Cornell Hospitality Report

Vol. 11, No. 4, February 2011

by Justin Sun and Kate Walsh, Ph.D.



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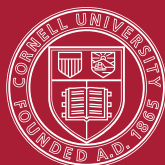
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Cornell University  
School of Hotel Administration

# Implementing Human Resource Innovations:

## Three Success Stories from the Service Industry

by Justin Sun and Kate Walsh

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### EXECUTIVE SUMMARY

Three cases of innovative hospitality industry human resources practices demonstrate that innovation is often a function of how well an idea is implemented, even if it is not necessarily brand new. The programs explained in this report have been creatively and attentively executed in such a way that distinguishes their companies from competitors.

The innovators are as follows: Fairmont Hotels & Resorts, which has developed an employee-recognition program dubbed “Service Plus” to acknowledge consistent excellence by offering rewards that are specifically meaningful to employees; McDonald’s, which has implemented sales-promotion incentives that both drive product sales and encourage employee retention; and Sodexo, which uses as many social media platforms as possible to attract and engage potential employees to brand itself as a desirable employer.



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## ABOUT THE AUTHORS



**Justin Sun**, a graduate of the Cornell School of Hotel Administration, is pursuing a Master of Industrial and Labor Relations at Cornell (js389@cornell.edu). While at the School of Hotel Administration, Justin was president of the Cornell Hotel Society, Collegiate Chapter; a communication center consultant; and a teaching assistant for human resources and organizational behavior courses. His previous experience includes being a part of the reopening team for New York's Plaza Hotel and working in human resources at The Westin New York at Times Square.

**Kate Walsh**, Ph.D., C.P.A., is the Fred G. Peelen Professor of Hospitality Global Strategy and an associate professor of management at the School of Hotel Administration (kmw33@cornell.edu). Her primary research is in the area of services management, and she also conducts research examining the role of strategic human resource initiatives on organizational performance. In addition to contributing to numerous books, she has published in such outlets as *Journal of Management*, *Journal of Service Research*, *Journal of Vocational Behavior*, *Human Resource Management Review*, *Organization Science*, *Trends in Organizational Behavior*, *Research in Management Consulting*, *Journal of Applied Behavioral Science*, *The Learning Organization*, *International Journal of Hospitality Management*, and the *Cornell Hospitality Quarterly*. Prior to her academic career, she worked for Nikko Hotels International, Bristol Hotels, and Loews Corporation.



# Implementing Human Resource Innovations:

## Three Success Stories from the Service Industry

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**I**n an effort to identify and examine innovative human resources practices in the hospitality industry, we present three case studies of organizations that have developed and implemented programs or tools to support their HR and business strategies. The three companies featured here are Fairmont Hotels and Resorts, McDonald's, and Sodexo. All three firms implemented their practices with an impressive attention to detail that made the innovation successful. Fairmont Hotels and Resorts focuses on acknowledging consistent employee excellence by offering custom rewards and other incentives through its "Service Plus" recognition program. McDonald's offers a suite of programs intended to encourage employee retention, most notably a collaboration among franchisees and advertising companies to provide employee sales incentives that not only reduce turnover but also increase sales for specific products. Sodexo utilizes social media to expand access to top talent and to enhance communication between current employees and prospective job candidates.

In addition to describing the development of each practice, we outline how each was executed. Perhaps most critically, we explain how each practice is measured. We highlight these practices as innovative because of the way that they have been implemented and tailored to meet the particular needs of each organization—even though similar practices may exist elsewhere.



## FAIRMONT HOTELS & RESORTS:

### Engaging Colleagues through Recognition Programs

**The Practice:** Fairmont Hotels & Resorts has implemented a multi-faceted recognition program called “Service Plus” that is designed to reward its employees—whom Fairmont refers to as “colleagues”—for bringing to life the company’s mission of “turning moments into memories” for guests, and for delivering “engaging service” that is aligned with the company’s brand promise. While many firms have excellent employee-recognition programs, the Fairmont Service Plus initiative is particularly all-encompassing and effective.

**Why the Practice Was Developed:** Fairmont wanted to strengthen its worldwide culture of recognition and service excellence. The Service Plus program was designed in collaboration with Globoforce, a worldwide leader for strategic recognition platforms. After obtaining feedback on ways that employees would like to see recognition improved, Fairmont built on its existing recognition programs to strengthen its service-oriented culture of colleague appreciation. The goal of the new program was to inspire employees at all levels of the organization around the world to execute on the company’s promise of delivering engaging service to guests. Service Plus assists the brand in extending its global presence while encouraging employees to celebrate the daily contributions made in the workplace.

### Execution

**The Approach to Implementation:** Fairmont recognizes each of its employees as being brand ambassadors who are the driving force behind the company’s brand promise, which is to provide guests with experiences that are authentically local in hotels of unrivalled presence with service that is thoughtful and engaging. The company’s desire to extend this service philosophy to the employee level led Fairmont to conduct a thorough evaluation of its employee-recognition efforts to identify areas for improvement.

Although Fairmont already had a program in place to recognize employees for their exceptional work, focus group feedback identified opportunities for the company to launch a formal recognition program on a more global scale. Employees indicated that they wanted additional opportunities to recognize peers and team members for performing acts of memorable service in any area of the hotel.

Survey feedback showed that although employees admired the company’s existing recognition efforts, they wanted to ensure that individuals who received monthly and quarterly performance awards were consistent high performers. Employees also felt that the rewards presented to them as recognition for their efforts were not always culturally appro-

Fairmont extended its “Service Plus” employee recognition program system-wide by conducting focus groups to see what kind of rewards meant the most to top employees.

priate, so the company's rewards were not always translating into increased motivation or engagement.

Fairmont sought to restructure its recognition program by ensuring that all countries in which the company had a property were included in the program. Changes to the recognition program were designed to support the company's mission and brand promise, while also addressing the needs of Fairmont's diverse workforce.

To limit shipping costs, Fairmont enabled Service Plus award winners to select their reward from a website or by calling a toll-free number. The new reward structure has saved overhead costs and allowed employees to personalize their recognition moments to create their own meaningful memories, as well as having access to a larger variety of recognition rewards.

Fairmont promoted Service Plus via a global communications campaign that entailed a formal program launch, monthly recognition celebrations, Service Plus pins for star employees, and a ballot box to allow guests to nominate outstanding employees. The focused efforts to promote Service Plus and the commitment from senior leadership to enhancing recognition helped to ensure a successful implementation of the program.

In addition to the guest ballot box, colleagues and managers may also nominate employees who they believe epitomize the company's mission of "turning moments into memories" for guests. In addition to the "Star of the Month Award," managers can be nominated for the "Leader of the Quarter Award," both of which emphasize consistently outstanding performance.

Each property's "Star of the Month" program is run by a committee made up primarily of front-line staff. The committee is chaired by a Service Plus president, who is also a front-line employee. Allowing employees the opportunity to nominate their peers for awards ensures that employees who do not have direct interaction with guests can also be recognized for their efforts.

"Star of the Month" awards are presented by the property's general manager and director of human resources at a formal reception each month. Stars of the Month receive an awards package that includes a personalized thank-you letter from the general manager, an inscribed plaque, a "Service Plus" pin, and a Service Plus gift certificate.

Employees who are chosen as "Star of the Month" are then eligible to be selected as "Hotel Star of the Year," and managers who are selected as "Leader of the Quarter" can be named "Hotel Leader of the Year." Recipients of these prestigious awards can take a five-day all-expense-paid trip for two to a Fairmont hotel or resort of their choice, or they can use an equivalent amount of money to create their own customized prize. For instance, an employee at one property used her award money to obtain a long-desired new kitchen

floor, and an employee at another property took her mother to London. Hotel Stars and Leaders are also candidates to become "Company Stars (or Leaders) of the Year."

Employees who demonstrate thoughtfulness and creativity in delivering engaging service to guests may win the "Memory Maker" award, a certificate that again can be redeemed from a merchant of the employee's choice.

In addition to the recognition programs we have described, Fairmont employees can also receive "Bravograms," which are notes that colleagues can write to each other at any time to recognize them for even the smallest acts deserving of attention. For instance, a manager who stays late after work late to assist another colleague with a challenging guest issue might be issued a Bravogram in recognition for going above and beyond in serving guests. A copy of the Bravogram is given to the colleague, and a second copy is placed on bulletin boards or in an area visible to other employees. The simple yet powerful recognition provided by Bravograms continues to make employees feel valued for their efforts.

## Outcomes

Since Service Plus was launched in 2007, Fairmont has seen significant improvements in employee recognition and engagement, which is a core element of the company's philosophy, as shown through employee surveys and qualitative feedback.

Employees can now be recognized for turning specific moments into memories for guests, as embodied in the corporate mission. For instance, at The Fairmont Le Château Frontenac, a guest services agent provided two little girls personalized attention by dressing up as a princess and giving the girls a private tour of the hotel. She did this after the two girls had asked to see the "princess of the castle" when they checked in. The employee found a "princess dress" in the linen room, and ingeniously fulfilled the girls' wish. The girls' family notes that this stay at the hotel is one that they will always remember in light of the special attention that they received.

The awards received by Fairmont continue to validate the success the company has had at creating a service-oriented culture portfolio wide. In a Business Week article and J.D. Power & Associates survey published in March 2008, Fairmont scored third place overall out of fifty top providers of customer service across a variety of industries in the Customer Service Champions survey. Maclean's magazine also consistently rates Fairmont as one of Canada's top 100 employers.

Contact:

**Matt Smith**

**Executive Director, Learning & Development**  
**Fairmont Hotels & Resorts**

## MCDONALD'S CORPORATION:

### Employee Retention and Sales Incentives

**The Practice:** McDonald's USA uses numerous internal promotional programs that are intended to reduce employee turnover and, at the same time, to encourage employees to promote specific products within its stores. As is the case with many McDonald's corporate programs, these promotions are operationalized by the company's franchisees, who are owner-operators of McDonald's restaurants. Many of these operators collaborate with advertising companies to provide employee incentives to promote certain menu items. Suppliers' advertising agencies and franchisee advertising programs, supplemented by the chain's national advertising budget, allocate a portion of their marketing funds to provide financial stipends intended to encourage employees to market items that are concurrently being promoted via billboards, commercials, and other forms of advertising. Employees may be rewarded with an assortment of prizes based upon their ability to increase sales for a particular product. In another turnover-reduction practice, McDonald's Corporation encourages franchisees to distribute merchandise-discount cards, known as Gold Cards, to select employees. First we explain the product promotion initiative, as it is operated by a St. Louis franchisee, and then we touch on the Gold Cards.

**Why the Practice Was Developed:** McDonald's owner-operator Michael Proctor implemented the advertising-based incentive programs for his St. Louis restaurants to enhance his restaurants' marketing efforts. The incentives encourage employees to promote specific items to customers, especially at the drive-through, since this channel has the highest volume. Proctor monitors sales activity for targeted products (as do other owner-operators using this program). When employees exceed sales goals for specific items, they are rewarded for their performance.

The funding for this program comes in part from franchisees' advertising co-operatives, which decide on local promotions and advertising campaigns, and in part from McDonald's national advertising accounts. The co-operatives may set aside a portion of funds to reward general managers for reaching performance goals, and the GMs in turn recommend incentives that reward specific employees for promoting menu items by word-of-mouth to customers.

### Execution

**The Approach to Implementation:** McDonald's national advertising campaigns are supported by the company's operators' national advertising fund, which draws its funds from a percentage of franchisee sales. The national fund purchases chain-wide advertising, while the advertising cooperatives handle local level advertising.

McDonald's combines employee-retention programs with incentives for employees to promote selected menu items, thus boosting sales and providing bonuses for employees.

For the restaurants that he owns and operates, Proctor works with managers and supervisors to create competitions between restaurants that are intended to motivate employees to increase product sales. For example, the goal for one month may be to increase the number of frappes sold, and the following month may focus on increasing the number of Angus burgers sold. Proctor and other franchisees encourage employees to offer customers free samples of products to encourage customers to purchase the products.

Proctor encourages managers to be creative in designing reward programs that reinforce desired behaviors. Incentives for achieving goals might include plane tickets or gift cards for employees, or a more entertaining reward, such as when employees are picked up from their home in a limousine and taken to a shopping mall for a shopping spree.

As we mentioned above, the product promotion incentives are just one mechanism that Proctor and other franchisees use to encourage employee retention. Another is the Gold Card program, which provides discounts to employees on products and services at a wide variety of popular retail and online stores, such as Apple, Best Buy, Dell, T-Mobile, and Foot Locker. Gold Cards can be one of the rewards for meeting sales goals, but they also are awarded for working at McDonald's for a given length of time.

## Outcomes

These employee recognition programs have helped Proctor retain employees and reduce turnover. Proctor cites McDonald's incentive systems, combined with training and education programs, for helping his operation to maintain low turnover rates. This includes the inter-restaurant competitions to achieve certain goals and objectives, which foster a sense of teamwork among employees, and strong training efforts to build employees' knowledge of menu items. By issuing new challenges—from increasing total sales to selling more units of a particular item—Proctor helps employees to find that their work is fun and exciting.

Proctor's efforts are well-supported by his franchisor. Part of the reason for employee recognition and the product-promotion campaign is that McDonald's realizes that employees can sell products by word of mouth in ways that billboards or TV advertisements cannot. So employee recognition is an essential component of each restaurant's daily operations. The company's belief that customer satisfaction begins with the attitudes and abilities of employees has encouraged management to find creative perks to reinforce positive behaviors in the workplace.

Proctor attributes the success of his operation to the implementation of McDonald's Five People Principles, which are coupled by a "People Promise." The five principles are respect and recognition; values and behaviors; competi-

tive pay and benefits; training, learning, development, and personal growth; and resources to get the job done. The principle of respect and recognition, for instance, mandates that employees be recognized and rewarded in a variety of different ways. McDonald's People Promise is that management will "value each and every employee, their growth and their contribution—every day in every way."

Rewarding employees for top performance does not have to be difficult, as shown by the wide variety of competitions, recognition programs, and incentive systems used by McDonald's operators, such as Michael Proctor. In food-service positions in which completing the same tasks repeatedly can be perceived as dull and mechanical over time, incentive programs can go a long way in driving employee performance.

### Contact:

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## SODEXO:

### Using Social Media to Enhance Employment Branding Efforts

**The Practice:** Sodexo, a worldwide leader in food-service and facilities management, is a model of excellence in recruiting via social media. The company uses multiple social networking sites to advertise new career opportunities, to network with other company recruiters, and to maintain constant communication with potential candidates. Social media allow interested job seekers to learn about Sodexo's company culture, the personal and professional benefits of working for the company, and new company initiatives as part of a wealth of information provided to prospective employees.

**Why the Practice Was Developed:** When Arie Ball became vice president of sourcing and talent acquisition in 2004, she and her team sought to establish a more engaging presence in social media to source, attract, and recruit top talent. Her goals were to improve the candidate experience and to enhance Sodexo's employment brand.

### Execution

**The Approach to Implementation:** Sodexo's social media program began in earnest shortly after the company changed its name from Sodexo Alliance in 2008. Its new branding and marketing initiatives also required new web search terms. Curious about the impact of social media on staffing, Ball and her talent acquisitions team launched the company's first careers blog at the time of the name change, in January 2008. The blog covered issues on staffing and HR, in addition to corporate citizenship, technology, and culture.

Although the blog was initially accessible only internally, Ball then took it public, with the assistance of Kerry Noone, a marketing associate with a background in branding. Noone's success in managing the blog encouraged Ball to extend Sodexo's presence to other media sites, including Facebook, LinkedIn, YouTube, and Twitter.

As Sodexo became more comfortable with using each social media site, the firm's individual recruiters began to experiment with using the sites to support their staffing needs. Sodexo recruiters started to link to one another's profiles on each site and to support one another in identifying top talent to fill positions within the company. As recruiters extended their networks with potential candidates on each site, they developed an extensive talent pool that they could use to fulfill their immediate and long-term hiring needs.

The objective in using social media was to hire, retain, and engage top talent while becoming actively involved in providing candidates the best overall recruitment experience. As Sodexo established its presence on each social media site, the company trained its recruiting team to use each

Sodexo's intense use of social media has helped develop a pool of nearly 160,000 potential employees.



site to network and communicate with potential candidates. Generating excitement among the company's talent acquisition team about using social media encouraged recruiters to talk actively with candidates around the world about career opportunities.

Job openings are listed on Sodexo's Facebook fan page, and Sodexo allows job candidates to communicate with recruiters about what working at Sodexo is like and to ask questions about jobs. Applicants who have a Facebook account can post their comments and questions about Sodexo to the company's wall or discussion board, and recruiters can respond to postings that are made available for all Facebook users to see.

Sodexo's use of Facebook provides a convenient and inexpensive way for the company to advertise and to obtain sincere feedback and questions from job candidates. Since a large number of individuals applying for jobs at Sodexo have Facebook accounts, using Facebook has proven to be an effective means of communicating with job seekers.

Sodexo's debut on YouTube, in November 2007, came about when company interns created a video about the company's Future Leaders Internship Program. The positive feedback received from the initial posting of the video led the organization to add additional videos on Sodexo's mentoring and diversity initiatives. The videos have proven to be an excellent way for potential candidates to learn about the company's corporate culture and values, in addition to what working at the company is like.

The company started tweeting in November 2008, after Ball saw Twitter's potential and provided a live demonstration of how to use the tool for communicating with job applicants at the company's annual talent acquisition group meeting. Over fifty recruiters at Sodexo now use Twitter to share and expand their networks.

## Outcomes

Using social media to attract interested job seekers has proven to be an effective recruiting strategy for Sodexo. The firm has created more positive experiences for job candidates, strengthened its employment brand, and increased traffic to its career site. The company attributed a tripling of traffic to its official careers site by mid-summer 2008 to its enhanced social media recruiting practices. Sodexo tracks the number of unique visitors to the site to monitor how many users are visiting for the first time. The company, which employs over 120,000 employees, continues to monitor the effectiveness of its recruiting tools, tracing hires to social media recruiting by asking employees during the interview process how they first heard about Sodexo and career opportunities at the company. In this way, Sodexo can identify which online communities are most popularly used by job applicants.

In addition to attracting new talent, Sodexo has also used its social media presence to retain or repatriate employees. When a chef in Florida (who had previously worked for Sodexo) tweeted his plan to find a new job, for instance, the firm moved quickly to find the chef a position back at Sodexo. The recruiting team has also been able to use Twitter combined with other social media tools to recruit new senior-level employees for the company.

Although social media have played a major role in Sodexo's success at attracting job candidates, Sodexo attributes its recruiting efforts to multiple branding efforts. For instance, while applicants may first hear about Sodexo through the company's career page on LinkedIn, they may also have heard about it through word-of-mouth or through viewing print advertisements. Accurately tracking hires from the first point of contact to the eventual hire can be difficult due to the multiple media through which candidates may be exposed to Sodexo. Thus, Sodexo views social media as only one piece of the puzzle in attracting job seekers and maintaining their interest in the company (and that is the reason for asking how new hires first heard of the firm).

For its social media efforts, the company has experienced only benefits and positive feedback from job seekers, who have lauded Sodexo for providing multiple communication channels. Job candidates have expressed their appreciation for Sodexo's social media sites that have made their overall recruitment process more interactive and enjoyable. By the same token, Sodexo's recruiters are able to do a more effective job at staffing, because they can focus on job specifics using whichever medium the job seeker prefers to use. By obtaining feedback from job seekers about their recruiting experiences and perceptions of Sodexo, recruiters are able to fine-tune the overall job candidate experience.

While recruiters are encouraged to use social media to candidly share their thoughts about working at Sodexo, certain issues that concern proprietary information for a publicly traded company cannot be posted on social media sites. Recruiters must ensure that the content that they are sharing is related to Sodexo's employment brand. Beyond that limitation, Sodexo has made a conscious effort to allow almost any type of discussion—either positive or negative—to take place through its social media channels as long as the discussions are not offensive and serve to enhance readers' knowledge of what working for Sodexo is like.

As a result of Sodexo's investment in its careers blog and other social media sites, the company has built a strong talent pool of nearly 160,000 people who have expressed interest in working for the firm. Sodexo continues to experience other efficiencies, including saved time and money from not having to rely heavily on job boards and print and electronic advertising.

## Insights

The case of Sodexo is particularly timely, because it demonstrates how social media tools can be mutually beneficial for employers and candidates. Sodexo's strong culture of innovation within its talent acquisition group encouraged the company to seek new ways to maintain its competitive advantage in the market for talent. The company's view of social media as a means to explore and to expand its reach has helped Sodexo to become a leader in using social recruiting to source and attract top talent.

Although the future direction of social media is uncertain, Sodexo is ready to respond to changes in technology and to embrace any social media tools that arise. Meantime, through using marketing metrics, Sodexo is able to track the return on investment of its social media, especially since each site offers different features.

Based on her seasoned expertise in social recruiting, Ball recommends being honest, genuine, and responsive when using social media tools. She believes that consistency is key when marketing an organization's brand through each of its social channels (and, indeed, any channel). Sodexo, for example, uses the same name, "Sodexo Careers," on each of its sites, so that candidates can easily identify Sodexo across each of its social spaces.

Ball also suggests that employers personalize social media sites to keep them fresh. For instance, individuals who follow Ball on Twitter or who are Facebook fans may know that she is a major Red Sox fan. To avoid creating an impersonal site, Ball recommends against copying and pasting corporate press releases into sites.

Finally, being responsive is the most critical aspect of utilizing social media effectively. For instance, Sodexo ensures that recruiters respond to every Facebook wall post or discussion question, because the company wants potential candidates to know that real people are ready to help at all times. Candidates who receive responses to their questions or comments will be more engaged in Sodexo's brand, and they will be more likely to return to Sodexo's sites to obtain new information on the company.

Although social media continue to evolve, they will remain a valuable recruiting tool that creates a relationship with potential hires. Because social recruiting tools can be cost efficient, convenient, and effective for engaging top talent, it seems a reasonable prediction that hospitality HR professionals will be able to utilize social media to support staffing strategies for years to come.

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Arie invites you to connect with her on Twitter, [LinkedIn](#) and [Facebook](#).

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## Conclusion

Whether it be recognizing employees' contributions to the service mission, rewarding them for supporting product promotion, or finding outstanding employees, these three companies have found ways to benefit from paying close attention to the needs and wants of their employees. None of these ideas is entirely groundbreaking; yet their seamless execution ensures their success. All three companies identified a salient business need and implemented a comprehensive set of interrelated practices to meet that need. The support of the concept from those in operational roles was critical to implementation. These companies provide a reminder that through close attention to detail, employees' needs and wants can be addressed in basic, yet important ways that provide a source of advantage for all.

We close this report with a special thanks to the innovators featured in this report—particularly those who agreed to be interviewed and to share the details of their concepts. We thank them for their generosity in sharing their insightful ideas, which have supported their organizations in becoming among the most successful in the hospitality industry. We hope that the innovations presented in this report demonstrate how creative thinking in implementing fundamental concepts allows human resource decision makers to be more effective as strategic business partners. ■



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# Index

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## 2011 Reports

Vol. 11 No. 3 [Compendium 2011](#)

Vol. 11 No. 2 Positioning a Place: Developing a Compelling Destination Brand, by Robert Kwortnik, Ph.D., and Ethan Hawkes, M.B.A.

Vol. 11 No. 1 The Impact of Health Insurance on Employee Job Anxiety, Withdrawal Behaviors, and Task Performance, by Sean Way, Ph.D., Bill Carroll, Ph.D., Alex Susskind, Ph.D., and Joe C.Y. Leng

## 2010 Reports

Vol. 10 No. 18 How Travelers Use Online and Social Media Channels to Make Hotel-choice Decisions, by Laura McCarthy, Debra Stock, and Rohit Verma, Ph.D.

Vol. 10 No. 17 Public or Private? The Hospitality Investment Decision, by Qingzhong Ma, Ph.D. and Athena Wei Zhang, Ph.D.

Vol. 10 No. 16 Best Practices in Search Engine Marketing and Optimization: The Case of the St. James Hotel, by Greg Bodenlos, Victor Bogert, Dan Gordon, Carter Hearne, and Chris K. Anderson, Ph.D.

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Vol. 10 No. 14 The Future of Hotel Revenue Management, by Sheryl Kimes, Ph.D.

Vol. 10 No. 13 Making the Most of Priceline's Name-Your-Own-Price Channel, by Chris Anderson, Ph.D., and Shijie Radium Yan

Vol. 10, No. 12 Cases in Innovative Practices in Hospitality and Related Services, Set 4, by Cathy A. Enz, Ph.D., Rohit Verma, Ph.D., Kate Walsh, Ph.D. Sheryl E. Kimes, Ph.D., and Judy A. Siguaw, D.B.A

Vol. 10, No. 11 Who's Next? An Analysis of Lodging Industry Acquisitions, by Qingzhong Ma, Ph.D., and Peng Liu, Ph.D.

Vol. 10, No. 10 Cases in Innovative Practices in Hospitality and Related Services, Set 3: Cayuga Sustainable Hospitality, Chic & Basic, JetBlue Airlines Jumeirah Essex House, The Ritz-Carlton Hotel Company, Runtriz, The Seaport Hotel, Thayer Lodging, TripTelevision, and Xsense Experiential Design Consulting, by Cathy A. Enz, Ph.D., Rohit Verma, Ph.D., Kate Walsh, Ph.D. Sheryl E. Kimes, Ph.D., and Judy A. Siguaw, D.B.A.

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Vol. 10, No. 6 Integrating Self-service Kiosks in a Customer-service System, by Tsz-Wai (Iris) Lui, Ph.D., and Gabriele Piccoli, Ph.D.

Vol. 10, No. 5 Strategic Pricing in European Hotels, 2006–2009, by Cathy A. Enz, Ph.D., Linda Canina, Ph.D., and Mark Lomanno

Vol. 10, No. 4 Cases in Innovative Practices in Hospitality and Related Services, Set 2: Brewerkz, ComfortDelgro Taxi, DinnerBroker.com, Iggy's, Jumbo Seafood, OpenTable.com, PriceYourMeal.com, Sakae Sushi, Shangri-La Singapore, and Stevens Pass, by Sheryl E. Kimes, Ph.D., Cathy A. Enz, Ph.D., Judy A. Siguaw, D.B.A., Rohit Verma, Ph.D., and Kate Walsh, Ph.D.

Vol. 10, No. 3 Customer Preferences for Restaurant Brands, Cuisine, and Food Court Configurations in Shopping Centers, by Wayne J. Taylor and Rohit Verma, Ph.D.

Vol. 10, No. 2 How Hotel Guests Perceive the Fairness of Differential Room Pricing, by Wayne J. Taylor and Sheryl E. Kimes, Ph.D.

Vol. 10, No. 1 [Compendium 2010](#)

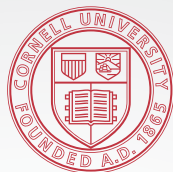
## 2010 Roundtable Retrospectives

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## 2010 Industry Perspectives

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